

Examiner Interview

[to be filled in]

Background to Present Invention and Applied Reference

The claimed invention is used for automating investment planning by developing specific buy/sell recommendations to reach as close as possible to an investor's desired asset allocation and preferred domain.

The Portfolio Selector helps to design an investment strategy for rollover or transfer of assets. The claimed invention is similar to the Portfolio Selector in the limited respect that both generate "buy" recommendations based, in part, on a desired asset allocation.

Patentability of independent claims 1, 15, 30 and 44

Claims 1, 15, 30 and 44 are believed to be patentable over the Portfolio Selector for at least the following two reasons.

(1) The Portfolio Selector does not give specific recommendations for selling amounts of current assets.

(2) The Portfolio Selector, as best as can be determined from the web site description, does not use a client's "preferred domain" as one of the input factors in developing buy/sell recommendations.

Accordingly, the Portfolio Selector would not provide the same type and quality of investment planning advice as provided by the claimed invention. There would be no "sell" recommendations, and the "buy" recommendations would not account for the investor's preferred domain.

Sell recommendations

Developing specific "sell" recommendations, such as during a rebalancing process, that move the client towards their desired asset allocation and preferred domain is one of the most time-consuming and difficult tasks of a financial advisor. The ability in the present invention to

automatically generate such recommendations significantly increases the productivity of the financial advisor.

The Examiner correctly states that the Portfolio Selector does not give recommendations for selling amounts of current assets. However, the Examiner states that this feature would have been obvious to an artisan for the following reason:

...since FI does rate investment performance and expenses, it would have been obvious...to provide a sell indicator which would alert the investor of a below average or poor investment, because...an artisan...would recognize that sell indicators are commonly used in the trading of commodities in order to protect investors against losses.

The claimed invention is not directed to maximizing investment performance. Instead, it is directed to developing specific buy/sell recommendations to reach as close as possible to an investor's desired asset allocation and preferred domain. "Sell" recommendations would thus be based upon asset allocation and preferred domain factors, not the performance of the current assets. Thus, even if it was obvious to add "sell" recommendations to the claimed invention based on asset investment performance, as asserted by the Examiner, the claimed invention would still not include the claimed use of asset allocation and preferred domain factors to make the "sell" recommendations.

The use of asset allocation and preferred domain factors to create specific "sell" recommendations is an important feature of the present invention and is a significantly more complex process than merely reviewing past investment performance. There is no disclosure or suggestion of this feature anywhere in the prior art of record, and thus, the independent claims are believed to be patentable based on at least this feature.

Preferred Domain

Preferred domain, also known as "asset placement," refers to the taxable status of investments (e.g., taxable, tax-deferred, tax-free). Preferred domain is briefly discussed in two prior art references of record, namely,

"Portfolio Planning: Integrating Your 401(k) Into Your Investment Portfolio," online publication of In the Vanguard, Summer 1997, printout from website

Laderman, J.M. "First, Asset Allocation. Now, "Asset Placement"", Business Week Online: Your Money, , The McGraw-Hill Companies, Inc., August 14, 1997

Preferred domain, and the associated preferred domain rules, are discussed in detail on page 26, line 7 through page 38, line 14 of the present specification, and in other locations. Additional details are provided in the Appendix.

In the Office Action, the Examiner asserts that "preferred domain" is disclosed in the "Build a Profile" portion (presumed to be the "Build Your Profile" portion) of the Portfolio Selector Demo. According to the Demo, the Portfolio Selector uses two steps to help build an investor profile and determine a target asset mix retirement goals. First, the user enters the following information:

1. your age
2. when you plan to retire
3. the number of years until you retire
4. some details about your rollover or transfer

Second, the user completes an Investor Profile Questionnaire, and responses to the questionnaire are evaluated to determine the investor's tolerance for risk, financial situation, investment experience and time horizon. The "Build Your Profile" Demo also shows Sample Data which is a chart of retirement and non-retirement assets listed by general category (stocks, bonds, short-term, other).

Applicants have carefully reviewed the "Build Your Profile" Demo portion, as well as the other portions of the Demo, and cannot find any reference to inputting an investor's preferred domain or calculating the investor's preferred domain from inputted data. Nor does there appear to be any use of preferred domain to generate any financial transaction recommendations (either on the "buy" or "sell" side).

Patentability of claims 1, 15, 30 and 44

Clause (c) of each independent claim recites inputting data regarding the client's preferred domain. Clause (d) of each independent claim recites automatically generating financial transaction recommendations for modifying the client's current asset portfolio to reach as close as possible to the desired asset allocation and the preferred domain. Clause (d) of each independent claim further recites generating sell recommendations based on such factors. For at

least the reasons discussed above, none of these limitations are disclosed or suggested by the Portfolio Selector.

Furthermore, even if an investor's preferred domain is actually determined within the Portfolio Selector programming code and is used to create the model portfolio ("buy" recommendations), the preferred domain would still not be used to generate sell recommendations to reach as close as possible to the desired asset allocation and the preferred domain.

Patentability of dependent claims 2, 3, 10, 16, 17, 24, 31, 32, 39, 45, 46, 53

These claims are directed to features for minimizing or capping tax costs of the sell transactions. No such features are even remotely suggested in the Portfolio Selector Demo.

Patentability of dependent claims 4, 18, 33, 47 and 59-63

These claims recite that financial transaction recommendations are made based on a client's asset portfolio preferences, including current assets that the client wishes to hold or sell. No such features are even remotely suggested in the Portfolio Selector Demo.

Patentability of dependent claims 5, 6, 19, 20, 34, 35, 48, 49

These claims recite a feature of minimizing transaction costs of potential sell transactions. No such features are even remotely suggested in the Portfolio Selector Demo.

Patentability of dependent claims 7-10, 21-24, 36-39 and 50-53

These claims recite details of how repositionable, non-repositionable and possibly repositionable assets are treated in making sell decisions. No such features are even remotely suggested in the Portfolio Selector Demo.

Patentability of remaining dependent claims

The remaining dependent claims are believed to be allowable because they depend upon an allowable independent claim, and because they recite additional patentable steps and elements.

Conclusion

Insofar as the Examiner's rejections were fully addressed, the instant application is in condition for allowance. A Notice of Allowability of all pending claims is therefore earnestly solicited.

Respectfully submitted,

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